

## Message Text

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ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 IO-13 AGRE-00 ITC-01 AID-05  
CIAE-00 COME-00 EB-08 FRB-03 INR-07 NSAE-00 USIA-06  
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NSC-05 SS-15 STR-04 CEA-01 L-03 H-01 PA-01 PRS-01  
/108 W

-----011013 087856/15

R 010800Z MAR 77

FM AMEMBASSY YAOUNDE

TO SECSTATE WASHDC 1128

INFO AMEMBASSY KINSHASA

AMCONSUL DOUALA

AMEMBASSY PARIS

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KINSHASA FOR US DELEGATION TO ECA

E.O. 11652: N/A

TAGS: ECON, CIEC, CM

SUBJECT: GURC THOUGHTS ON CIEC

1. ECONOFF AND DR. ROBERT WEST, PROFESSOR OF ECONOMICS AT FLETCHER SCHOOL VISITING FOR LECTURES AT NATIONAL SCHOOL FOR ADMINISTRATION, HAD ONE AND HALF HOUR TOUR D'HORIZON WITH DIRECTOR OF INT'L ORGANIZATIONS NKWETTA ZAA - MEMBER CAMEROONIAN DELEGATION CIEC TALKS. FOLLOWING PARAS PROVIDE BRIEF RESUME OF NKWETTA ZAA COMMENTS.

2. RE CIEC: NKWETTA ZAA FELT COMMISSIONS SHOULD MEET AGAIN IN ORDER PREPARE WRAP UPS FOR MINISTERIAL. EITHER TWO SHORT MEETINGS OR ONE LONG ONE SHOULD BE HELD. HE FELT THAT AGREEMENT COULD BE REACHED ON A VARIETY OF ITEMS AND SUMMARIES OF REMAINING CONFLICTS COULD BE PREPARED FOR MINISTERS TO DISCUSS. HE ALSO CITED THE NEED FOR SOME TYPE OF FOLLOW UP MECHANISM FOR MONITORING  
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ADHERENCE TO AND IMPLEMENTATION OF PROPOSALS AND INDICATED HE WAS RESTING UP FOR ANOTHER SIX MONTHS OF WORK IN PARIS. IN HIS OPINION, CIEC WAS MEANT TO PROVIDE GUIDELINES TO OTHER INT'L ORGANIZATIONS AND FORA, AND MEETINGS SHOULD CONTINUE UNTIL RELATIVELY WELL DEFINED POSITIONS REACHED, REGARDLESS OF TIME REQUIRED.

3. INDEXATION AND GUARANTEED INCOME: IN WHAT APPEARS TO BE A RECENT SHIFT, NKWETTA ZAA EMPHASIZED THE NEED FOR PRICE STABILIZATION AND GUARANTEED LEVELS OF INCOME FOR COMMODITIES, ETC., NOT MENTIONING GUARANTEED PURCHASING POWER OR INDEXATION. HE REFERRED TO THE STABEX SYSTEM AND THE NEED FOR GRANT MONEY TO COVER SHORTFALLS, BUT DID NOT REFER TO ANY TYPE OF BASKET INDEXING. HE STRESSED THE NEED FOR THE COMMON FUND AND BUFFER STOCKS, BUT BASED HIS COMMENTS ON PRICE STABILITY FOR PROTECTING INCOME LEVELS AND PLANNING. REFERRING TO THE USG OPPOSITION TO INTERFERENCE IN QUOTE THE FREE MARKET UNQUOTE, HE POINTED OUT THAT THE INTERNATIONAL MARKET PLACE WAS HARDLY A FREE MARKET FOR MANY COMMODITIES AND THE ARGUMENT WAS NOT REALLY RELEVANT IN CERTAIN CASES.

4. INTERNATIONAL RESOURCES BANK - NKWETTA ZAA STATED THAT THE LDC'S (AND HE PERSONALLY) CONSIDERED THE IRB PROPOSAL SIMPLY A MEANS TO KEEP THE LDC'S AS PRIMARY RESOURCE PRODUCERS AND WAS NOT ACCEPTABLE TO THEM. HE EMPHASIZED THE NEED FOR PROCESSING OF RAW MATERIALS IN THE LDC'S AND IMPLIED THAT THEIR MATERIALS WERE PROVIDING JOBS FOR LABOR IN THE DEVELOPED COUNTRIES. THE EMPHASIS SHOULD BE ON MAXIMIZING THE PRODUCING COUNTRY'S ROLE BY ENABLING THEM TO BECOME PROCESSORS RAW MATERIALS PRODUCED THEIR COUNTRIES. WE DID NOT PURSUE THE IRB DISCUSSION, BUT THERE WAS CLEAR EVIDENCE OF HARD ROCK OPPOSITION.

5. WHILE ON SUBJECT OF RAW MATERIAL PROCESSING, DR. WEST POSED QUESTION OF WHETHER OR NOT DEVELOPMENT OF PROCESSING INDUSTRIES IS IN EFFECT A TRADE QUESTION, I.E., REMOVAL OF EFFECTIVE TARIFF PROTECTION TO GIVE LDC MORE ACCESS AND INCREASE COMPETITIVENESS. NKWETTA ZAA ACKNOWLEDGED ROLE OF TRADE AS MAJOR FACTOR ALTHOUGH HE LIMITED OFFICIAL USE

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STATED THERE WERE OTHER FACTORS SUCH AS DC GOVERNMENT MEASURES TO ENCOURAGE ADDITIONAL INVESTMENT BY MULTINATIONALS IN LDC'S. IN WEST'S OPINION, NKWETTA ZAA TOOK SOFT LINE ON THIS QUESTION.

6. CONCERNING ECA MEETING IN KINSHASA - HE DISCUSSED THE IDEA (NEW TO US) OF QUOTE CENTERS FOR TECHNOLOGY TRANSFER UNQUOTE WHICH MIGHT BE DISCUSSED AT THE ECA MEETING. HE STATED THAT MNC'S USED THE RESOURCES IN THE LDC'S BUT WERE RELUCTANT TO TRANSFER TECHNOLOGY WHICH, AS HE POINTED OUT, COULD BE AGAINST THEIR COMMERCIAL INTEREST. THE PROPOSED CENTERS WOULD BE CLEARING HOUSES FOR POOLING RESOURCES, OBTAINING NEEDED TECHNOLOGICAL INFORMATION, SHARING INFORMATION, AND FOR DETERMINING WHICH TECHNOLOGIES WERE MOST APPROPRIATE, NEEDED, ETC. COMMENT: THIS FITS IN WITH NKWETTA ZAA'S PREVIOUS COMMENTS ABOUT THE NEED FOR REGIONAL INFORMATION CENTERS TO BE USED BY THE LDC'S NOT ONLY TO SHARE NEEDED INFORMATION ON RESEARCH AND TECHNOLOGY, BUT ALSO ON THE ACTIVITIES OF MULTINATIONALS AND AS A MEANS OF PARTIALLY CONTROLLING THESE ACTIVITIES. HE ALSO STATED THAT QUOTE SOMEBODY, SOMEWHERE, UNQUOTE, IS WRITING UP A CODE OF

CONDUCT FOR TECHNOLOGY TRANSFER.

7. IFAD - HE STATED THAT GURC WAS PLEASED WITH ESTABLISHMENT OF IFAD AND THOUGHT IT COULD MAKE A REAL CONTRIBUTION. ON SUBJECT OF FOOD, HOWEVER, HE CITED DISAGREEMENT BETWEEN GURC AND USG CONCERNING CONTROL OF PROPOSED FOOD STOCKS. HE POINTED OUT THAT USG FAVORED NATIONAL CONTROL OVER STOCKS WHICH WOULD BE MADE AVAILABLE TO NEEDY COUNTRIES UNDER PREDETERMINED CONDITIONS. HE NOTED, HOWEVER, THAT THIS ALLOWED BILATERAL OR NATIONAL POLITICS TO INTERFER IN THE PROCESS AND THEREFORE GURC SUPPORTED INT'L ORGANIZATIONAL CONTROL OVER STOCKS WHICH WOULD PROVIDE THEM ON A BASIS OF NEED WITHOUT POLITICAL INTERFERENCE.

8. MONEY - HE ALSO CITED GURC OPPOSITION TO USG POSITIONS ON SDR LINKAGE AND COMMITMENTS TO SPECIFIED LEVELS OF DEVELOPMENT ASSISTANCE. DISAGREEMENT HERE IS WELL KNOWN, BUT HE AGAIN EMPHASIZED THE LDC'S NEED FOR MONEY. HE MENTIONED ALSO THE LIMITED OFFICIAL USE

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NEED FOR GRANT FUNDS INSTEAD OF COMPENSATORY FINANCING WHICH IS STILL A LOAN WHICH MUST BE REPAYED. HE STRESSED THE NEED FOR LONG-TERM FINANCING FOR INFRASTRUCTURE DEVELOPMENT WHICH WOULD PAVE THE WAY FOR DEVELOPMENT PROJECTS WITH PRIVATE INVESTMENT AND COMMERCIAL MONEY. DEBT RESCHEDULING AND DEBT RELIEF WERE ALSO DISCUSSED, BUT WHILE GURC THINKS USG OVEREMPHASIZED DISTINCTIONS, GURC UNDERSTANDS THE DISTINCTIONS AND THE NEED FOR A CASE BY CASE APPROACH. HE ALSO NOTED THAT THE PROBLEMS WERE SUITABLE FOR EITHER AN ORGANIZATIONAL OR BILATERAL APPROACH. HE MADE AN OBLIQUE REFERENCE TO THE ROLE OF GOVTS VIS A VIS THE PROBLEMS AND ROLE OF THEIR COMMERCIAL BANKS IN A DEBT PROBLEMS SITUATION, BUT THE SUBJECT WAS NOT EXPLORED.

9. TALK WAS LOW KEY WITH NKWETTA ZAA PRESENTING THE GURC'S IDEAS IN A GENERAL MANNER. HE OBVIOUSLY IS ANTICIPATING A RETURN TO THE CONFERENCE TABLE IN PARIS. HE COMMENTED ON THE CIEC AS NOT HAVING BEEN ORGANIZED PROPERLY AS TOO LITTLE TIME WAS ALLOWED GIVEN THE VARIOUS PROBLEMS AND COMPLEXITY OF THE SUBJECT. HE PARTICULARLY CONCERNED THAT CONFERENCE WOULD END WITH NO PROVISION FOR MONITORING RESULTANT AGREEMENTS.  
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## Message Attributes

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